

Debt to Asset Ratio



Here is a listing of the City's outstanding debt amounts as of June 30, 2009:

\$8.1 million of General Obligation debt
\$7.1 million of Full Faith and Credit debt
\$1.3 million of Water Revenue Bonds
\$16.5 million of Total Authorized Debt

To put this outstanding authorized debt amount into some perspective, the City's total assets expressed as historical cost, after accumulated depreciation, is \$286 million.

The City's debt-to-asset ratio using \$16.5 million is roughly 5.8 percent.

Another perspective to measure this debt amount is the State of Oregon's maximum debt level perscribed by ORS 287 for all cities. This State debt maximum says that cities may not have general obligation debt exceeding three percent of its real market value. For West Linn this maximum would be three percent of \$4.5 billion or \$135 million.

The City's long-range financial plan also includes two possible debt issues in future years, which are estimates and are subject to further review and study in the future. The financial forecast for the Water Fund, includes \$8 million of water revenue bonds for Bolton Reservoir improvements as per the Water Master Plan. The financial forecast for the Public Safety Fund includes \$3.5 million for the possible construction of a new police station. It is typical in long-range financial planning to see possible bond issues, for certain plans that are being formed, and future improvements that may be necessary, scheduled out in future years. This helps facilitate financial planning and determining financial needs. Again, it's important to reiterate that these are estimates only and are subject to the review and approval by future City Councils.

Debt levels of various other comparable cities are available online at other cities' websites. Maintaining a healthy ratio of debt is an important tool in sound and prudent financial planning. Debt is one of the main vehicles that cities use to fund necessary improvements and other capital projects. Certainly, keeping your total debt amount in perspective with the value of your assets is important, not to mention keeping perspective with what others cities' debt loads are.

In summary, at just over five percent, West Linn's total debt to asset ratio is fiscally healthy, prudent, and financially responsible.

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